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HOGAN & HARTSON

L.L.P.

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March 14, 1996

BY HAND DELIVERY

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

**Re: Ex Parte Presentation
MM Docket No. 92-266**

Dear Mr. Caton:

On behalf of the A&E Television Networks, and pursuant to Section 1.1206 of the Commission's Rules, we enclose for filing two copies of an ex parte written submission made yesterday in the referenced docketed proceeding to Chairman Reed E. Hundt; Commissioner James H. Quello; Commissioner Andrew C. Barrett; Commissioner Susan Ness; Commissioner Rachelle B. Chong; Legal Advisor Jackie Chorney; Legal Advisor Maureen O'Connell; Legal Advisor Lisa B. Smith; Legal Advisor Mary P. McManus; and Legal Advisor Suzanne Toller.

Respectfully submitted,

HOGAN & HARTSON L.L.P.

By Jeremy Miller
Robert Corn-Revere
Jeremy B. Miller

Attorneys for A&E Television Networks

Enclosures

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ARTS & ENTERTAINMENT NETWORK

VIA FACSIMILE TO (202) 418-2813
& VIA FEDERAL EXPRESS

NICKOLAS DAVATZES
President & CEO

March 13, 1996

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M. Street, N.W.
Washington, D.C. 20554

Dear Mr. Caton:

A&E Television Networks ("A&E") has learned that the Commission may soon reconsider the existing rate setting methodology for leased access cable television. It is our understanding that the Commission is contemplating replacing its "highest implicit fee" formula for establishing the maximum reasonable rate for nonaffiliated programmers with a lower, "opportunity cost" formula. If this information is correct, A&E is very concerned that the Commission's action would disrupt the increasingly competitive programming marketplace.

Any sharp reduction in leased access rates would effectively subsidize those services that rely on leased access at the expense of networks that subscribers currently receive and enjoy. As a result, the scarcest of cable resources -- channel capacity -- would be extended by government fiat rather than market demand to leased access programmers. This displacement effect would be even more dramatic for new networks, such as The History Channel, that are just beginning to overcome the channel "freeze" that preceded adoption of the Going Forward rules. By lowering the rates for leased access programmers, the Commission would undercut the progress of recent policies, such as the Going Forward rules, that were designed to encourage new network launches.

Before the existing leased access rate methodology is replaced by a lost opportunity cost or some other formula, all interested parties should be given the chance to provide input. Given the dramatic changes in cable television resulting from technological advances and passage of the Telecommunications Act, it is imperative that the Commission carefully consider any changes to its leased access policy. The uncertain status of new networks in the current environment underscores this need. Consequently, we urge the Commission to keep its existing approach for leased access channels intact, or at minimum, initiate a notice and comment proceeding to determine what changes -- if any -- should be made.

Sincerely,

cc: Chairman Reed Hundt
Commissioner James Quello
Commissioner Andrew Barrett
Commissioner Susan Ness
Commissioner Rachelle Chong
Cable Advisor Jackie Chorney
Cable Advisor Maureen O'Connell
Cable Advisior Lisa Smith
Cable Advisor Mary McManus
Cable Advisor Suzanne Toller